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Mexico Front of Pack Labeling Warning Signs

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Report Highlights:

The Mexican legislature is currently considering a proposal to have warning or "stop" sign labels on the front of pack labels for processed products and non-alcoholic beverages that inform consumers of "unhealthy" products, similar to the system currently used in Chile. On July 24, 2019, the Health Commission of the Mexico House of Representatives approved the proposed reforms to various articles of the General Health Law that would require the labeling changes. The proposal is now set to be voted on by the entire lower chamber on September 1, 2019. If passed, the Mexican Senate will also need to approve the legislation. Timing of passage and implementation of any new requirements is unknown but is not expected this year.

General Information:

Domestic and imported prepackaged, processed foods and non-alcoholic beverages in Mexico are currently subject to labeling regulations including the front-of-the pack (FOP) labeling requirement. Mexico has recently proposed changes to its labeling scheme that would require warning signs on products "high in" added sugar, sodium, saturated fats and calories similar to that adopted by Chile in 2015

Background:

On April 15, 2014, the Federal Commission for the Protection against Sanitary Risks (COFEPRIS) announced, through the Federal Register (<u>Diario Oficial</u>), new guidelines for the labeling of prepackaged, processed foods and non-alcoholic beverages. The guidelines made it mandatory to include a Front of Pack (FOP) label with nutritional information such as the amount of sugar, sodium, fats, and caloric content per portion.

Prior to the 2014 regulation, the nutritional information appeared on the side or back panel of the product making the information unclear for consumers as several measurements appeared on the label. Further, the previous measurements referred to the whole pack rather than a portion.

The intention of Front of Pack labeling is to inform consumers if the product in question is high or low in nutrients so that they may assess if it is appropriate for their diet. The FOP labeling presents nutritional icons that show saturated fats, other fats, and total sugar. The icons also report calories and allow consumers to compare the same parameters across products. Further, under the regulations, prepackaged, processed foods, and non-alcoholic beverages cannot be presented in a false or misleading manner, such as claiming unproven health benefits. However, more recently Mexico has proposed legislation to change the FOP requirements in a manner similar to recent Chilean requirements that add warning or "stop" sign labels to processed products that exceed certain nutritional limits

A Potential Game Changer

On March 14, 2019, a bill presented in the Mexican Senate proposed a change to the current nutritional FOP labeling. The bill suggests using "stop signs" in addition to traditional nutritional information included elsewhere on the packaging, much like is now in effect in Chile. The proposal is based on recommendations made by the Instituto Nacional de Salud (Mexico National Health Institute) and the Panamerican Health Organization (PAHO/WHO). Chile has already implemented these stop signs, using octagonal black labels, printed with the words "alto en" (high in) to inform consumers of the fat, sodium, calories, and sugar content in foods. The stop signs designed to be easy to read and understand, with a goal of helping consumers in their consumption choices. [1]

On July 24^{, 2019} the Health Commission of the Mexico House of Representatives approved the proposed changes to various articles of the General Health Law related to the labeling of processed foods and non-alcoholic beverages. The opinion to accept these changes was then sent to the Presiding Officers of the Chamber to be discussed and voted on during the Plenary Session of the 500 legislators on September [,] 2019^t. The document stipulates that, given the urgency of "promoting strong solutions

against the epidemic of obesity and diabetes in Mexico" established in article 212 of the General Health Law that "front and back labels of processed foods and non-alcoholic beverages, must include nutritional information that is easy to understand, truthful, direct, simple and visible". The proposal further states that the front warning labeling should be done separately from the declaration of ingredients and nutritional information. The warning labels should be included for those products that exceed to be established maximum limits of energy content, added sugars, saturated fats, sodium or other critical nutrients.

Mexico Warning Signs Scenario

The opinion proposed by the House of Representatives cites data that Mexico ranks in first place in the world in children's obesity claiming that 34 percent of the children between the ages of 5-11 years-old suffer from obesity, and 35 percent of the teenagers between 12-19 years-old suffer from being overweight and/or obese. The House of Representatives considers that the FOP is the primary source of information for consumers, and it should be clear and understandable for the general population.

One of the most influential consumer groups in Mexico, "El Poder del Consumidor" (Consumer Power) is promoting a clear labeling system based on the Chilean labeling model. This organization considers that the current FOP is not accurate, it does not follow the recommendations from WHO/FAO, UNICEF and PAHO; and that Mexican consumers are facing a health risk as the FOP leads them to consume great amounts of sugar, being children the most exposed segment of the population.

In response, the Mexican processed food and beverage industry maintains that it is aware of the concerns about obesity and related diseases levels in Mexico, and recognizes that the FOP labeling is an important source of information for consumers to have better choices in their nutrition. The industry claims it has reformulated many of its products over the years in response to those concerns. However, the industry has concerns that if the regulations final requirements are not properly designed that all processed foods and beverages will unfairly be consider as bad or unhealthy. The industry is also concerned about the costs of reformulating products, issuing new labels, and potential sales decreases if consumers develop a bad perception of the products.

One of the main concerns Mexican industry has shared is having a sufficient implementation period for modifying labels, allowing companies to finish any inventories and develop new packaging once the standard starts. Many in the industry would like to have at least a year and a half in order to comply with the standards. The implementation period for the present front-of-packaging labeling was phased in over a one-year period to give companies sufficient time to comply.

Both domestic and imported packaged products will be subject to any of the FOP warning signs if implemented according to the standards adopted by Mexican health officials. It is still unclear when, if at all, the new measures would be in place. While the next step in the effort to modify the current labeling scheme will be the September vote, many others steps will be needed before any changes could take effect. The Mexican Senate will also need to take up the matter and vote; Government agencies responsible for implementation will need to be determined; and implementing regulations will need to be drafted and published; In addition comment periods for both domestic and international partners will need to be announced. , FAS/ Mexico is following the issue closely and will provide reporting as needed..

Chilean Labeling as Model for Mexico

The Mexican proposal cites the recently passed labeling law in Chile as a model that should be followed in developing the final Mexican regulations. In 2016, Chile implemented the Law 20.606 knows as Food Labeling and Advertising Law that intends the reduction of obesity levels among children under 14 years-old, educate consumers into better choices while selecting foods, decrease the consumption of processed foods high in calories, saturated fats, total sugar, and sodium. The law covers the following regulations:

- 1. Warning signs in the FOP mentioning the term "high in" which includes calories, total sugar, saturated fats and sodium.
- 2. The prohibition of advertising and promotion of "high in" products targeted to children under 14 years-old.
- 3. Implementation of school programs related to nutrition and physical activity
- 4. The prohibition of sales and promotion of "high in" products in elementary and middle schools.

The Chilean Ministry of Health did an extensive promotional campaign to create awareness among the population of the "high in" products; the campaign slogan was "Prefer foods with fewer stop signs".

Following implementation of the Chilean law, a survey conducted by the Chilean Ministry of Health in terms of consumer awareness, showed that 90 percent of the respondents recognizes the "high in" products, and 75 percent of the respondents consider as positive the prohibition of advertising "high in" products to children. Additional studies found that there were significant reductions in the average content of sugars in drinks, dairy products and breakfast cereals and reductions in salt in cheeses and other products. However, another study looking at the impact of the law on the food industry six months after the implementation showed there were noticeable changes in sales depending on the number of warning signs. The conclusions of the study was that the law affected sales in value and units sold such that products with 1 warning sign slightly increased sales in comparison to those without signs. Products with 2 warning signs showed some decrease in comparison with those without signs, and products with 3 warning signs showed an increase in their sales noticing that those products have loyal consumers and/or high dependency to the product, and there are no substitutes with less signs or in value. Most observers recognize that it will take more time and additional comprehensive studies to understand the full impact of the law.

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^[1] Source: Agronoticias – March 14th, 2019 – Presentan Iniciativa de Etiquetado Entendible https://agronoticias.com.mx/2019/03/13/presentan-iniciativa-de-etiquetado-entendible-en-productos-procesados/